

Honolulu, Hawaii

APR 25 2014

RE: S.B. No. 2820  
S.D. 2  
H.D. 2  
C.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2014  
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2820, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO INSURANCE,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to:

- (1) Implement requirements of the federal Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) by:
  - (A) Prohibiting rescission of coverage under a health benefit plan except in cases of fraud, misrepresentation, or failure to make required payments; and
  - (B) Requiring written notice prior to rescission;



- (2) Clarify that companies with general casualty insurance authority can only write accident and health or sickness insurance as incidental or supplemental coverage;
- (3) Clarify the Insurance Commissioner's retention requirements for tax records of surplus lines brokers and independently procured insureds;
- (4) Specify the authority of the Insurance Fraud Investigations Branch to take appropriate action on insurance fraud complaints;
- (5) Include long-term care insurance as part of limited benefit health insurance;
- (6) Ensure that Article 11A of the Insurance Code applies to risk retention captive insurance companies;
- (7) Ensure conformity with the Affordable Care Act by mandating parity between medical and surgical benefits and benefits for alcohol use disorder, substance use disorder, and mental health treatment services and repealing conflicting or obsolete language;
- (8) Make housekeeping amendments to the State's Insurance Code; and
- (9) Make other amendments to conform to National Association of Insurance Commissioners model laws.

Your Committee on Conference finds that this measure streamlines and improves the operations of the Insurance Division of the Department of Commerce and Consumer Affairs, ensures the Insurance Division complies with the Affordable Care Act, and ensures the Insurance Division retains National Association of Insurance Commissioners accreditation.

Your Committee on Conference has amended this measure by:

- (1) Inserting an effective date of July 1, 2014; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your



Committee on Conference is in accord with the intent and purpose of S.B. No. 2820, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2820, S.D. 2, H.D. 2, C.D. 1.

Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE HOUSE

ON THE PART OF THE SENATE

*Della Au Belatti*

DELLA AU BELATTI, Co-Chair

*Angus L.K. McKelvey*

ANGUS L.K. MCKELVEY, Co-Chair

*Bertrand Kobayashi*

BERTRAND KOBAYASHI, Co-Chair

*Rosalyn H. Baker*

ROSALYN H. BAKER, Chair

*Will Espero*

WILL ESPERO, Co-Chair



